

Message Text

PAGE 01 STATE 303087
ORIGIN AGRE-00

INFO OCT-01 AF-08 ARA-06 IO-13 ISO-00 EB-07 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04
NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04
ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01
EUR-12 /113 R

DRAFTED BY AGRI/RRIEMENSCHNEIDER
APPROVED BY STR/SLLANDE
AGRI/JHUDSON
AGRI/GWANAMAKER - TREAS:EFROST
AGRI/JLANKFORD
ITC/JBOYD
COMMERCE/RRODRIGUES
LABOR/HFIEKOWSKY
STATE/JSLATTERY

----- 006131 /53

R 142132Z DEC 76
FM SECSTATE WASHDC
TO USDEL MTN GENEVA
INFO AMEMBASSY MEXICO
AMEMBASSY COTONOU

C O N F I D E N T I A L STATE 303087

E.O. 11652: N/A

TAGS: ETRD, MX, DM

SUBJECT: TROPICAL PRODUCTS NEGOTIATIONS -- VEGETABLE
PROTEIN REQUESTS

REF: (A) MTN GENEVA 3636 (B) MTN GENEVA 2967
(C) MTN GENEVA 3588 (D) STATE 112101

1. ON SEVERAL OCCASIONS WASHINGTON HAS RECEIVED REQUESTS
FROM U.S. DEL FOR CLARIFICATIONS OF U.S. REQUESTS OF LDC'S
FOR CONCESSIONS ON VEGETABLE PROTEINS IN THE TROPICAL PRO-
DUCTS NEGOTIATIONS. IN ATTEMPT TO HELP U.S. DEL BETTER
UNDERSTAND THE NATURE OF REQUESTS WE ARE FURNISHING THE
FOLLOWING BACKGROUND INFORMATION AND ADDITIONAL CLARIFICA-
CONFIDENTIAL

PAGE 02 STATE 303087

TIONS.

2. AS OUTLINED REFTL (D), VEGETABLE PROTEINS ARE MADE PRE-
DOMINANTLY FROM SOYBEANS, ALTHOUGH OTHER OILSEEDS SUCH AS

COTTONSEED AND PEANUTS HAVE-POTENTIAL FOR THE FUTURE. THE VEGETABLE PROTEINS NOW IN PRODUCTION INCLUDE SOY FLOUR AND GRITS, SOY PROTEIN CONCENTRATES, SOY PROTEIN ISOLATES, TEXTURED VEGETABLE PROTEINS, AND HYDROLYZED SOY PROTEINS. THESE ITEMS BRIEFLY DEFINED IN REFTEL (D) AND IN OTHER INFORMATION SENT TO DEL.

3. THE PROBLEMS ENCOUNTERED BY U.S. EXPORTERS OF VEGETABLE PROTEINS TO BOTH DC'S AND LDC'S INVOLVE MORE THAN TARIFFS AND LICENSING PROBLEMS. DUE TO UNFAMILIARITY WITH SOY PROTEIN PRODUCTS, WHICH ARE RELATIVELY NEW IN INTERNATIONAL TRADE -- ESPECIALLY WITH LDC'S, DIFFERENT SHIPMENTS OF THE SAME PRODUCT ARE SOMETIMES CLASSIFIED UNDER DIFFERENT TARIFF HEADINGS AND THUS ASSESSED DIFFERENT DUTIES WHEN ENTERING DESTINATION COUNTRIES. THIS IS DIFFICULT TO AVOID SINCE THE COMPOSITION OF SEVERAL INDIVIDUAL VEGETABLE PROTEIN PRODUCTS IS SUCH THAT THEY FIT THE SPECIFICATIONS FOR MORE THAN ONE TARIFF HEADING. ALSO INDIVIDUAL PROTEIN PRODUCTS ARE NOT ALL IDENTICAL DUE TO DIFFERENT MANUFACTURERS AND THIS ADDS TO THE PROBLEM OF DISTINGUISHING AMONG THEM. IN ESSENCE, U.S. EXPORTERS OF VEGETABLE PROTEINS ARE NOT ALWAYS CERTAIN BEFOREHAND OF THE EXACT TARIFF HEADING THEIR PRODUCTS WILL BE CLASSIFIED UNDER, AND THEREFORE WHAT DUTY WILL BE PAID, WHEN ENTERING DIFFERENT COUNTRIES.

4. U.S. TRADE SOURCES HAVE PROVIDED SOME GENERAL INDICATIONS OF WHERE THEIR PRODUCTS HAVE OFTEN BEEN CLASSIFIED WHEN ENTERING COUNTRIES USING THE BTN. SOY FLOUR AND GRITS ARE ENTERING PREDOMINATELY UNDER TWO HEADINGS, THE NON-DEFATTED SOY FLOUR UNDER 12.02 (FLOURS OR MEAL OF OILSEEDS, NON-DEFATTED) AND THE DEFATTED SOY FLOUR UNDER 23.04 (OIL CAKE AND OTHER RESIDUES RESULTING FROM THE EXTRACTION OF VEGETABLE OILS). U.S. EXPORTERS INDICATE THAT SOY PROTEIN CONCENTRATES NOW GENERALLY ENTER UNDER 21.07 (FOOD PREPARATIONS, NOT ELSEWHERE SPECIFIED) WHILE SOY PROTEIN ISOLATES CONTINUE TO ENTER UNDER 35.04 (PEPTONES AND OTHER PROTEIN SUBSTANCES AND THEIR DERIVATIVES). TEXTURED SOY

CONFIDENTIAL

PAGE 03 STATE 303087

PROTEIN PRODUCTS ARE BELIEVED TO ENTER PREDOMINANTLY UNDER 21.07; HOWEVER, SOME FORMS OF TEXTURED PROTEINS MAY ENTER UNDER 19.02 (PREPARATIONS OF FLOUR ETC., FOR INFANT FOOD, DIETETIC OR CULINARY PURPOSES). HYDROLYZED SOY PROTEINS ARE BELIEVED TO ENTER UNDER 21.07, ALTHOUGH IN SOME COUNTRIES THEY MAY ENTER UNDER 35.04. COTTONSEED AND PEANUT FLOUR ARE NOT EXPORTED IN SIGNIFICANT QUANTITIES AT PRESENT BUT SHOULD ENTER UNDER 12.02 AND 23.04. THE MAJOR CLASSIFICATION PROBLEMS INVOLVE CONCENTRATES, ISOLATES, AND HYDROLYZED AND TEXTURIZED VEGETABLE PROTEINS. THE CLASSIFICATION PROBLEMS WITH SOY FLOURS AND GRITS ARE MINOR.

5. WHILE IT IS DIFFICULT TO ADDRESS THESE CLASSIFICATION PROBLEMS WITHIN THE LIMITED CONTEXT OF THE TROPICAL PRODUCTS NEGOTIATIONS, ANY LDC CONCESSIONS INVOLVING A CONSOLIDATION OF VEGETABLE PROTEINS UNDER ONE TARIFF HEADING SPECIFICALLY IDENTIFYING THE VARIOUS VEGETABLE PROTEINS WITH AN

APPROPRIATELY REDUCED OR ELIMINATED TARIFF WOULD BE ACCEPTABLE. FYI: THE KR CONCESSION GIVEN THE U.S. ON BTN 35.04 BY A NUMBER OF DEVELOPED COUNTRIES AND SUBSEQUENT CLASSIFICATION PROBLEMS WITH VEGETABLE PROTEINS ARE ALSO BEING DISCUSSED IN THE CUSTOMS COOPERATION COUNCIL IN BRUSSELS. END FYI.

6. IN REFTEL (A) DEL REQUESTED FURTHER CLARIFICATION OF OUR VEGETABLE PROTEIN REQUEST OF MEXICO. IN MEXICO THE U.S. IS DESIROUS OF CONCESSIONS ON ALL VEGETABLE PROTEINS, HOWEVER, WE ARE PARTICULARLY INTERESTED IN FLOUR AND GRITS OF SOY, COTTONSEED AND PEANUTS, PROTEIN ISOLATES, PROTEIN CONCENTRATES AND TEXTURED VEGETABLE PROTEINS. OF THE TWO TYPES OF TEXTURED PROTEINS, EXTRUDED OR SPUN, THE U.S. IS PRINCIPALLY INTERESTED IN THE EXTRUDED TYPE.

7. AS STATED IN FOOTNOTE TO U.S. REQUEST OF MEXICO, WE WERE NOT CERTAIN AT TIME REQUEST WAS DEVELOPED OF EXACT MEXICAN TARIFF HEADINGS UNDER WHICH VEGETABLE PROTEINS WERE ENTERING. HOWEVER, THE REQUEST WAS MADE WITH THE UNDERSTANDING THAT TO THE EXTENT VEGETABLE PROTEINS WERE ENTERING UNDER HEADINGS OTHER THAN THOSE LISTED IN CONFIDENTIAL

PAGE 04 STATE 303087

REQUEST, WE WERE SEEKING EXOUTS FROM THOSE CATEGORIES ALSO. SUBSEQUENTLY ADDITIONAL INPUT FROM U.S. TRADE SOURCES HAS BEEN RECEIVED AND MORE PRECISE INFORMATION IS NOW AVAILABLE. VEGETABLE PROTEINS NOW ARE BELIEVED TO BE CLASSIFIED UNDER THE FOLLOWING MEXICAN TARIFF HEADINGS. MOST VEGETABLE PROTEINS ARE ONLY PART OF LARGER PRODUCT CLASSIFICATIONS. WE STILL DESIRE VERIFICATION FROM MEXDEL THAT THESE ARE IN FACT THE CORRECT HEADINGS FOR THE VARIOUS VEGETABLE PROTEIN PRODUCTS.

ITEM	MEXICAN TARIFF HEADING	DESCRIPTION
SOY FLOUR AND GRITS (NON-DEFATTED)	12.02A 001	SOYBEAN FLOUR AND MEAL, NON-DEFATTED
COTTONSEED AND PEANUT FLOUR AND GRITS (NON-DEFATTED)	21.07A 999	FLOUR AND MEAL OF OILSEEDS OTHER THAN SOY, NON- DEFATTED
SOY, COTTONSEED AND	23.04 A 001	OILCAKE AND OTHER

PEANUT FLOUR AND RESIDUES RESULTING FROM
GRITS (DEFATTED) EXTRACTION OF
VEGETABLE OILS

ITEM MEXICAN TARIFF DESCRIPTION
HEADING

SOY PROTEIN CONCENTRATES 21.07 A 999 FOOD PREPARATIONS,
NES

SOY PROTEIN ISOLATES 35.04 A 999 PEPTONES AND
OTHER PROTEIN
SUBSTANCES

TEXTURED VEGETABLE 21.07 A 999 FOOD PREPARATIONS NES
PROTINS 19.02 A 001 DIETETIC FOODS OF
VEGETABLE ORIGIN

HYDROLYZED SOY PROTEINS 35.04 A 004 PURE VEGETABLE
PROTEIN, HYDRO-

CONFIDENTIAL

PAGE 05 STATE 303087

LYZED

8. THE DUTIES ON MANY OF THESE TARIFF LINES HAVE CHANGED
RECENTLY FOLLOWING THE MEXICAN PESO DEVALUATION IN SEPTEMBER 1976. THE DURATION PERIOD OF NEW RATES IS CURRENTLY
UNKNOWN. IMPORT LICENSING REQUIREMENTS ON THESE ITEMS
HAS NOT CHANGED.

TARIFF NUMBER	OLD RATE	NEW RATE
	PERCENT	PERCENT
12.02 A 001	50	FREE
12.02 A 999	50	FREE
19.02 A 001	75	75
21.07 A 999	35	10
23.04 A 001	10	FREE
35.04 A 004	35	35
35.04 A 999	25	10

ANALYSIS OF PESO DEVALUATION MEASURES ON ENTIRE U.S. REQUEST OF MEXICO BEING SENT SEPTEL.

9. IN ASSIGNING A VALUE TO THE U.S. REQUEST OF MEXICO FOR CONCESSIONS ON VEGETABLE PROTEINS SEVERAL PROBLEMS AROSE DUE PRIMARILY TO CLASSIFICATION PROBLEMS. THE U.S. VEGETABLE PROTEIN INDUSTRY CONSIDERS ALL OF THE ITEMS IN PARA 2 TO BE VEGETABLE PROTEINS. HOWEVER, U.S. EXPORT STATISTICS DO NOT INCLUDE SOY FLOUR AND GRITS IN THE VEGETABLE PROTEIN CATEGORY (U.S. SCHEDULE B 599.5860). SOY FLOUR AND GRITS ARE CLASSIFIED UNDER OTHER HEADINGS ALONG WITH SOYBEAN OILCAKE AND MEAL. VALUE OF SOY FLOUR AND GRITS IN TOTAL VALUE OF VEGETABLE PROTEIN REQUEST WAS OMITTED

THROUGH OVERSIGHT IN FORMULATION OF U.S. REQUEST OF MEXICO.
ALSO, THE MEXICAN TARIFF HEADING UNDER WHICH MOST SOY

FLOUR AND GRITS ARE CLASSIFIED, I.E. 12.02 A 001, WAS
NOT INCLUDED BUT SHOULD BE. SINCE NEITHER U.S. EXPORT
DATA NOR MEXICAN IMPORT DATA CLASSIFY SOY FLOURS SEPARATE-
LY, THE EXACT VALUE OF 1974 MEXICAN SOY FLOUR IMPORTS FROM
THE U.S. CANNOT BE DETERMINED. HOWEVER, USDA COMMODITY
ANALYSTS BELIEVE THAT MOST SOY FLOUR EXPORTS TO MEXICO ARE
NON-DEFATTED SOY FLOUR WHICH WOULD ENTER MEXICO UNDER
CONFIDENTIAL

PAGE 06 STATE 303087

TARIFF HEADING 12.02 A 001. HOWEVER, THIS HEADING ALSO
INCLUDES NON-DEFATTED SOYBEAN MEAL. MEXICAN IMPORT STA-
TISTICS FOR 1974 SHOW TOTAL IMPORTS UNDER THIS HEADING
INTO INTERIOR OF DOLLARS 2.2 MILLION; ALL FROM U.S. IT
IS BELIEVED THAT MOST OF THIS WAS SOY FLOUR.

10. MEXICAN ANALYSIS OF OUR REQUEST WHICH INCLUDES LARGE
VOLUME OF TRADE UNDER BTN 23.04 IS MISLEADING. NEARLY ALL
OF U.S. EXPORTS TO MEXICO ENTERING UNDER 23.04 A 001 ARE
SOYBEAN OILCAKE AND MEAL. UNDER THIS HEADING U.S. IS ONLY
INTERESTED IN EX-OUT FOR VEGETABLE PROTEIN FLOURS AT THIS
TIME WITH ASSURANCES NO NTB'S WILL BE IMPOSED WHICH MIGHT
NEGATE THE BENEFITS OF A DUTY REDUCTION, AS WITH ALL OUR
REQUESTS FOR TARIFF CONCESSIONS.

11. THE U.S. DEL MAY WISH TO DRAW ON FOLLOWING IN DIS-
CUSSIONS WITH MEXICO AND OTHER LDC'S WHERE VEGETABLE PRO-
TEINS HAVE BEEN REQUESTED. (A) THESE PROTEINS ARE SIGNI-
FICANT IN SUPPLEMENTING NUTRITION OF YOUNG AND DEVELOPING
CHILDREN, PREGNANT AND LACTATING WOMEN AND THOSE UNABLE TO
CONSUME HIGH QUANTITIES OF MEAT AND DAIRY PRODUCTS. (B)
CONCENTRATES AND ISOLATES ARE BETTER NUTRITIONALLY AND
GENERALLY HAVE MORE USES THAN THE FLOURS BEING PRODUCED
LOCALLY. (C) SYNERGISTIC EFFECT OF CORN (BASIC LDC DIET)
AND SOY PROTEIN TOGETHER IS MORE NUTRITIOUS THAN THE
SEPARATE USE OF EITHER ITEM. (D) MILK SHORTAGE PROBLEM
IN MEXICO AND OTHER LDC'S COULD BE LESSENED BY USE OF
ISOLATES AND WHEY TO EXTEND NFDM BY ABOUT 30-50 PERCENT.
THIS IS BOTH INEXPENSIVE AND NUTRITIONAL.

12. REGARDING REQUEST PARA 7 REFTTEL (C), SPECIFIC VEG-
ETABLE PROTEIN PRODUCTS OF INTEREST FOR IVORY COAST
INCLUDE ALL OF THOSE MENTIONED PARA 2 ABOVE. ALSO,
INFORMATION CONTAINED PARA 3-5 ABOVE GENERALLY APPLICABLE
TO IVORY COAST. TRANSLATION OF TECHNICAL TERMINOLOGY INTO
FRENCH IS UNDERWAY AND WILL BE POUCHED WHEN COMPLETED. KISSINGER

CONFIDENTIAL

PAGE 01 STATE 303087
ORIGIN EB-04

INFO OCT-01 ISO-00 /005 R

#3087

DRAFTED BY EB/JS LATTERY

----- 075333 /11

R 180500Z DEC 76

FM SECSTATE WASHDC

TO AMEMBASSY ABIDJAN

C O N F I D E N T I A L STATE 303087

FOLLOWING TELEGRAM FROM SECSTATE DATED DECEMBER 14, 1976
SENT MTN GENEVA INFO MEXICO, COTONOU IS REPEATED TO YOU:
QUOTE

C O N F I D E N T I A L STATE 303087

E.O. 11652: N/A

TAGS: ETRD, MX, DM

SUBJECT: TROPICAL PRODUCTS NEGOTIATIONS -- VEGETABLE
PROTEIN REQUESTS

REF: (A) MTN GENEVA 3636 (B) MTN GENEVA 2967
(C) MTN GENEVA 3588 (D) STATE 112101

1. ON SEVERAL OCCASIONS WASHINGTON HAS RECEIVED REQUESTS
FROM U.S. DEL FOR CLARIFICATIONS OF U.S. REQUESTS OF LDC'S
FOR CONCESSIONS ON VEGETABLE PROTEINS IN THE TROPICAL PRO-
DUCTS NEGOTIATIONS. IN ATTEMPT TO HELP U.S. DEL BETTER
UNDERSTAND THE NATURE OF REQUESTS WE ARE FURNISHING THE
FOLLOWING BACKGROUND INFORMATION AND ADDITIONAL CLARIFICA-
TIONS.

CONFIDENTIAL

PAGE 02 STATE 303087

2. AS OUTLINED REFTEL (D), VEGETABLE PROTEINS ARE MADE PRE-
DOMINANTLY FROM SOYBEANS, ALTHOUGH OTHER OILSEEDS SUCH AS
COTTONSEED AND PEANUTS HAVE-POTENTIAL FOR THE FUTURE. THE
VEGETABLE PROTEINS NOW IN PRODUCTION INCLUDE SOY FLOUR AND
GRITS, SOY PROTEIN CONCENTRATES, SOY PROTEIN ISOLATES, TEX-
TURED VEGETABLE PROTEINS, AND HYDROLYZED SOY PROTEINS.
THESE ITEMS BRIEFLY DEFINED IN REFTEL (D) AND IN OTHER IN-
FORMATION SENT TO DEL.

3. THE PROBLEMS ENCOUNTERED BY U.S. EXPORTERS OF VEGETABLE
PROTEINS TO BOTH DC'S AND LDC'S INVOLVE MORE THAN TARIFFS
AND LICENSING PROBLEMS. DUE TO UNFAMILIARITY WITH SOY

PROTEIN PRODUCTS, WHICH ARE RELATIVELY NEW IN INTERNATIONAL TRADE -- ESPECIALLY WITH LDC'S, DIFFERENT SHIPMENTS OF THE SAME PRODUCT ARE SOMETIMES CLASSIFIED UNDER DIFFERENT TARIFF HEADINGS AND THUS ASSESSED DIFFERENT DUTIES WHEN ENTERING DESTINATION COUNTRIES. THIS IS DIFFICULT TO AVOID SINCE THE COMPOSITION OF SEVERAL INDIVIDUAL VEGETABLE PROTEIN PRODUCTS IS SUCH THAT THEY FIT THE SPECIFICATIONS FOR MORE THAN ONE TARIFF HEADING. ALSO INDIVIDUAL PROTEIN PRODUCTS ARE NOT ALL IDENTICAL DUE TO DIFFERENT MANUFACTURERS AND THIS ADDS TO THE PROBLEM OF DISTINGUISHING AMONG THEM. IN ESSENCE, U.S. EXPORTERS OF VEGETABLE PROTEINS ARE NOT ALWAYS CERTAIN BEFOREHAND OF THE EXACT TARIFF HEADING THEIR PRODUCTS WILL BE CLASSIFIED UNDER, AND THEREFORE WHAT DUTY WILL BE PAID, WHEN ENTERING DIFFERENT COUNTRIES.

4. U.S. TRADE SOURCES HAVE PROVIDED SOME GENERAL INDICATIONS OF WHERE THEIR PRODUCTS HAVE OFTEN BEEN CLASSIFIED WHEN ENTERING COUNTRIES USING THE BTN. SOY FLOUR AND GRITS ARE ENTERING PREDOMINATELY UNDER TWO HEADINGS, THE NON-DEFATTED SOY FLOUR UNDER 12.02 (FLOURS OR MEAL OF OILSEEDS, NON-DEFATTED) AND THE DEFATTED SOY FLOUR UNDER 23.04 (OIL CAKE AND OTHER RESIDUES RESULTING FROM THE EXTRACTION OF VEGETABLE OILS). U.S. EXPORTERS INDICATE THAT SOY PROTEIN CONCENTRATES NOW GENERALLY ENTER UNDER 21.07 (FOOD

CONFIDENTIAL

PAGE 03 STATE 303087

PREPARATIONS, NOT ELSEWHERE SPECIFIED) WHILE SOY PROTEIN ISOLATES CONTINUE TO ENTER UNDER 35.04 (PEPTONES AND OTHER PROTEIN SUBSTANCES AND THEIR DERIVATIVES). TEXTURED SOY PROTEIN PRODUCTS ARE BELIEVED TO ENTER PREDOMINANTLY UNDER 21.07; HOWEVER, SOME FORMS OF TEXTURED PROTEINS MAY ENTER UNDER 19.02 (PREPARATIONS OF FLOUR ETC., FOR INFANT FOOD, DIETETIC OR CULINARY PURPOSES). HYDROLYZED SOY PROTEINS ARE BELIEVED TO ENTER UNDER 21.07, ALTHOUGH IN SOME COUNTRIES THEY MAY ENTER UNDER 35.04. COTTONSEED AND PEANUT FLOUR ARE NOT EXPORTED IN SIGNIFICANT QUANTITIES AT PRESENT BUT SHOULD ENTER UNDER 12.02 AND 23.04. THE MAJOR CLASSIFICATION PROBLEMS INVOLVE CONCENTRATES, ISOLATES, AND HYDROLYZED AND TEXTURIZED VEGETABLE PROTEINS. THE CLASSIFICATION PROBLEMS WITH SOY FLOURS AND GRITS ARE MINOR.

5. WHILE IT IS DIFFICULT TO ADDRESS THESE CLASSIFICATION PROBLEMS WITHIN THE LIMITED CONTEXT OF THE TROPICAL PRODUCTS NEGOTIATIONS, ANY LDC CONCESSIONS INVOLVING A CONSOLIDATION OF VEGETABLE PROTEINS UNDER ONE TARIFF HEADING SPECIFICALLY IDENTIFYING THE VARIOUS VEGETABLE PROTEINS WITH AN

APPROPRIATELY REDUCED OR ELIMINATED TARIFF WOULD BE ACCEPTABLE. FYI: THE KR CONCESSION GIVEN THE U.S. ON BTN 35.04 BY A NUMBER OF DEVELOPED COUNTRIES AND SUBSEQUENT CLASSIFICATION PROBLEMS WITH VEGETABLE PROTEINS ARE ALSO BEING

DISCUSSED IN THE CUSTOMS COOPERATION COUNCIL IN BRUSSELS.
END FYI.

6. IN REFTTEL (A) DEL REQUESTED FURTHER CLARIFICATION OF OUR VEGETABLE PROTEIN REQUEST OF MEXICO. IN MEXICO THE U.S. IS DESIROUS OF CONCESSIONS ON ALL VEGETABLE PROTEINS, HOWEVER, WE ARE PARTICULARLY INTERESTED IN FLOUR AND GRITS OF SOY, COTTONSEED AND PEANUTS, PROTEIN ISOLATES, PROTEIN CONCENTRATES AND TEXTURED VEGETABLE PROTEINS. OF THE TWO TYPES OF TEXTURED PROTEINS, EXTRUDED OR SPUN, THE U.S. IS CONFIDENTIAL

PAGE 04 STATE 303087

PRINCIPALLY INTERESTED IN THE EXTRUDED TYPE.

7. AS STATED IN FOOTNOTE TO U.S. REQUEST OF MEXICO, WE WERE NOT CERTAIN AT TIME REQUEST WAS DEVELOPED OF EXACT MEXICAN TARIFF HEADINGS UNDER WHICH VEGETABLE PROTEINS WERE ENTERING. HOWEVER, THE REQUEST WAS MADE WITH THE UNDERSTANDING THAT TO THE EXTENT VEGETABLE PROTEINS WERE ENTERING UNDER HEADINGS OTHER THAN THOSE LISTED IN REQUEST, WE WERE SEEKING EXOUTS FROM THOSE CATEGORIES ALSO. SUBSEQUENTLY ADDITIONAL INPUT FROM U.S. TRADE SOURCES HAS BEEN RECEIVED AND MORE PRECISE INFORMATION IS NOW AVAILABLE. VEGETABLE PROTEINS NOW ARE BELIEVED TO BE CLASSIFIED UNDER THE FOLLOWING MEXICAN TARIFF HEADINGS. MOST VEGETABLE PROTEINS ARE ONLY PART OF LARGER PRODUCT CLASSIFICATIONS. WE STILL DESIRE VERIFICATION FROM MEXDEL THAT THESE ARE IN FACT THE CORRECT HEADINGS FOR THE VARIOUS VEGETABLE PROTEIN PRODUCTS.

ITEM	MEXICAN TARIFF HEADING	DESCRIPTION
SOY FLOUR AND GRITS (NON-DEFATTED)	12.02A 001	SOYBEAN FLOUR AND MEAL, NON-DEFATTED
COTTONSEED AND PEANUT FLOUR AND GRITS (NON-DEFATTED)	21.07A 999	FLOUR AND MEAL OF OILSEEDS OTHER THAN SOY, NON- DEFATTED
SOY, COTTONSEED AND PEANUT FLOUR AND GRITS (DEFATTED)	23.04 A 001	OILCAKE AND OTHER RESIDUES RESULTING FROM EXTRACTION OF VEGETABLE OILS

ITEM	MEXICAN TARIFF HEADING	DESCRIPTION
CONFIDENTIAL		

PAGE 05 STATE 303087

SOY PROTEIN CONCENTRATES 21.07 A 999 FOOD PREPARATIONS,
NES

SOY PROTEIN ISOLATES 35.04 A 999 PEPTONES AND
OTHER PROTEIN
SUBSTANCES

TEXTURED VEGETABLE 21.07 A 999FOOD PREPARATIONS NES
PROTINS 19.02 A 001 DIETETIC FOODS OF
VEGETABLE ORIGIN

HYDROLYZED SOY PROTEINS 35.04 A 004 PURE VEGETABLE
PROTEIN, HYDRO-
LYZED

8. THE DUTIES ON MANY OF THESE TARIFF LINES HAVE CHANGED
RECENTLY FOLLOWING THE MEXICAN PESO DEVALUATION IN SEPTEMBER 1976. THE DURATION PERIOD OF NEW RATES IS CURRENTLY
UNKNOWN. IMPORT LICENSING REQUIREMENTS ON THESE ITEMS
HAS NOT CHANGED.

TARIFF NUMBER	OLD RATE	NEW RATE
	PERCENT	PERCENT
12.02 A 001	50	FREE
12.02 A 999	50	FREE
19.02 A 001	75	75
21.07 A 999	35	10
23.04 A 001	10	FREE
35.04 A 004	35	35
35.04 A 999	25	10

ANALYSIS OF PESO DEVALUATION MEASURES ON ENTIRE U.S. REQUEST OF MEXICO BEING SENT SEPTEL.

9. IN ASSIGNING A VALUE TO THE U.S. REQUEST OF MEXICO FOR
CONCESSIONS ON VEGETABLE PROTEINS SEVERAL PROBLEMS AROSE
CONFIDENTIAL

PAGE 06 STATE 303087

DUE PRIMARILY TO CLASSIFICATION PROBLEMS. THE U.S. VEGETABLE PROTEIN INDUSTRY CONSIDERS ALL OF THE ITEMS IN PARA 2 TO BE VEGETABLE PROTEINS. HOWEVER, U.S. EXPORT STATISTICS DO NOT INCLUDE SOY FLOUR AND GRITS IN THE VEGETABLE PROTEIN CATEGORY (U.S. SCHEDULE B 599.5860). SOY FLOUR AND GRITS ARE CLASSIFIED UNDER OTHER HEADINGS ALONG WITH SOYBEAN OILCAKE AND MEAL. VALUE OF SOY FLOUR AND GRITS IN TOTAL VALUE OF VEGETABLE PROTEIN REQUEST WAS OMITTED THROUGH OVERSIGHT IN FORMULATION OF U.S. REQUEST OF MEXICO. ALSO, THE MEXICAN TARIFF HEADING UNDER WHICH MOST SOY

FLOUR AND GRITS ARE CLASSIFIED, I.E. 12.02 A 001, WAS NOT INCLUDED BUT SHOULD BE. SINCE NEITHER U.S. EXPORT DATA NOR MEXICAN IMPORT DATA CLASSIFY SOY FLOURS SEPARATELY, THE EXACT VALUE OF 1974 MEXICAN SOY FLOUR IMPORTS FROM

THE U.S. CANNOT BE DETERMINED. HOWEVER, USDA COMMODITY ANALYSTS BELIEVE THAT MOST SOY FLOUR EXPORTS TO MEXICO ARE NON-DEFATTED SOY FLOUR WHICH WOULD ENTER MEXICO UNDER TARIFF HEADING 12.02 A 001. HOWEVER, THIS HEADING ALSO INCLUDES NON-DEFATTED SOYBEAN MEAL. MEXICAN IMPORT STATISTICS FOR 1974 SHOW TOTAL IMPORTS UNDER THIS HEADING INTO INTERIOR OF DOLLARS 2.2 MILLION; ALL FROM U.S. IT IS BELIEVED THAT MOST OF THIS WAS SOY FLOUR.

10. MEXICAN ANALYSIS OF OUR REQUEST WHICH INCLUDES LARGE VOLUME OF TRADE UNDER BTN 23.04 IS MISLEADING. NEARLY ALL OF U.S. EXPORTS TO MEXICO ENTERING UNDER 23.04 A 001 ARE SOYBEAN OILCAKE AND MEAL. UNDER THIS HEADING U.S. IS ONLY INTERESTED IN EX-OUT FOR VEGETABLE PROTEIN FLOURS AT THIS TIME WITH ASSURANCES NO NTB'S WILL BE IMPOSED WHICH MIGHT NEGATE THE BENEFITS OF A DUTY REDUCTION, AS WITH ALL OUR REQUESTS FOR TARIFF CONCESSIONS.

11. THE U.S. DEL MAY WISH TO DRAW ON FOLLOWING IN DISCUSSIONS WITH MEXICO AND OTHER LDC'S WHERE VEGETABLE PROTEINS HAVE BEEN REQUESTED. (A) THESE PROTEINS ARE SIGNIFICANT IN SUPPLEMENTING NUTRITION OF YOUNG AND DEVELOPING CHILDREN, PREGNANT AND LACTATING WOMEN AND THOSE UNABLE TO CONSUME HIGH QUANTITIES OF MEAT AND DAIRY PRODUCTS. (B) CONCENTRATES AND ISOLATES ARE BETTER NUTRITIONALLY AND GENERALLY HAVE MORE USES THAN THE FLOURS BEING PRODUCED LOCALLY. (C) SYNERGISTIC EFFECT OF CORN (BASIC LDC DIET) AND SOY PROTEIN TOGETHER IS MORE NUTRITIOUS THAN THE SEPARATE USE OF EITHER ITEM. (D) MILK SHORTAGE PROBLEM IN MEXICO AND OTHER LDC'S COULD BE LESSENED BY USE OF ISOLATES AND WHEY TO EXTEND NFDM BY ABOUT 30-50 PERCENT. THIS IS BOTH INEXPENSIVE AND NUTRITIONAL.

PAGE 07 STATE 303087

FICANT IN SUPPLEMENTING NUTRITION OF YOUNG AND DEVELOPING CHILDREN, PREGNANT AND LACTATING WOMEN AND THOSE UNABLE TO CONSUME HIGH QUANTITIES OF MEAT AND DAIRY PRODUCTS. (B) CONCENTRATES AND ISOLATES ARE BETTER NUTRITIONALLY AND GENERALLY HAVE MORE USES THAN THE FLOURS BEING PRODUCED LOCALLY. (C) SYNERGISTIC EFFECT OF CORN (BASIC LDC DIET) AND SOY PROTEIN TOGETHER IS MORE NUTRITIOUS THAN THE SEPARATE USE OF EITHER ITEM. (D) MILK SHORTAGE PROBLEM IN MEXICO AND OTHER LDC'S COULD BE LESSENED BY USE OF ISOLATES AND WHEY TO EXTEND NFDM BY ABOUT 30-50 PERCENT. THIS IS BOTH INEXPENSIVE AND NUTRITIONAL.

12. REGARDING REQUEST PARA 7 REFTTEL (C), SPECIFIC VEGETABLE PROTEIN PRODUCTS OF INTEREST FOR IVORY COAST INCLUDE ALL OF THOSE MENTIONED PARA 2 ABOVE. ALSO, INFORMATION CONTAINED PARA 3-5 ABOVE GENERALLY APPLICABLE TO IVORY COAST. TRANSLATION OF TECHNICAL TERMINOLOGY INTO FRENCH IS UNDERWAY AND WILL BE POUCHED WHEN COMPLETED. KISSINGER

CONFIDENTIAL

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 16 SEP 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LESS DEVELOPED COUNTRIES, NEGOTIATIONS, TARIFF CONCESSIONS, VEGETABLES
Control Number: n/a
Copy: SINGLE
Draft Date: 14 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE303087
Document Source: ADS
Document Unique ID: 00
Drafter: AGRI/RRIEMENSCHNEIDER
Enclosure: DG ALTERED
Executive Order: N/A
Errors: n/a
Film Number: D760461-0995
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761293/baaaeqzj.tel
Line Count: 532
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN AGRE
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 10
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 06 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 APR 2004 by ShawDG>; APPROVED <06 AUG 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TROPICAL PRODUCTS NEGOTIATIONS -- VEGETABLE
TAGS: ETRD, EAGR, EPAP, MX, DM, MTN
To: MTN GENEVA INFO MEXICO
COTONOU
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006